

Message Text

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PAGE 01 STATE 109368
ORIGIN AGRE-00

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LAB-04 NSAE-00 NSC-05 PA-02 CTME-00 AID-05 SS-15
STR-07 ITC-01 TRSE-00 ICA-20 SP-02 SOE-02 OMB-01
DOE-15 AF-10 ARA-14 EA-12 EUR-12 NEA-10 OIC-02
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APPROVED BY EB/ORF/OFP-JOHN BOYLE

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LABOR: DWANAMAKER

COMMERCE: LHOLIC

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TO USMISSION GENEVA PRIORITY

UNCLAS STATE 109368

USMTN

E.O. 11652: N/A

TAGS: ETRD, EAGR

SUBJECT: US POSITION FOR MTN MEAT SUBGROUP

1. FOLLOWING IS TEXT OF U.S. POSITION PAPER FOR MTN MEAT
SUBGROUP MEETING MONDAY, MAY 1. PAPER HAS BEEN APPROVED
BY MEAT SUBGROUP TASK FORCE. TPSC CLEARANCE TO FOLLOW.

QUOTE: I PROBLEM

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THE SUBGROUP WILL MEET DURING THE WEEK OF MAY 1 TO
CONTINUE DISCUSSION OF AN INTERNATIONAL ARRANGEMENT ON MEAT,
INCLUDING A NEW GATT SECRETARIAT DRAFT "WORKING HYPOTHESIS",
MTN/ME/W/24/REV.3. IN THE MEANTIME, THE US IS PROCEEDING
WITH BILATERAL DISCUSSIONS ON MEAT AND OTHER AGRICULTURAL
PRODUCTS.

II. U.S. OBJECTIVES

US OBJECTIVES ARE ESSENTIALLY UNCHANGED FROM THE LAST MEETING (TPSC 78-23).

III. US POSITION

1. THE US DELEGATE SHOULD DRAW ON TPSC 78-23 IN DISCUSSING THE NEW SECRETARIAT DOCUMENT WHICH DIFFERS LITTLE IN SUBSTANCE FROM ITS PREDECESSOR. ADDITIONAL GUIDANCE IS PROVIDED BELOW.

2. THE OBJECTIVES, INFORMATION AND CONSULTATION PROVISIONS OF ARTICLES I-IV ARE NOW GENERALLY ACCEPTABLE TO

THE US (EXCEPT FOR OUR RESERVATION ON THE INCLUSION OF BEEF OFFALS UNDER PRODUCT DEFINITION). WITH THE GENERAL UNDERSTANDING REACHED AT THE LAST MEETING THAT THE COUNCIL WOULD OPERATE ON THE BASIS OF CONSENSUS, THE US COULD TENTATIVELY ACCEPT ANY OF THE ALTERNATIVE PARAGRAPHS NOW CONTAINED IN ARTICLES III AND IV.

3. UNDER ARTICLE V, US VIEWS ON EXPORT SUBSIDIES, HEALTH AND SANITARY MEASURES AND SAFEGUARDS REMAINS AS INDICATED IN TPSC 78-23. ARGENTINA SHOULD, HOWEVER, BE ENCOURAGED TO STATE ITS SPECIFIC REASONS, GIVING EXAMPLES IF POSSIBLE, WHY PROPOSED GENERAL CODES IN THESE AREAS WOULD BE INADEQUATE IN THE MEAT SECTOR. ON EXPORT SUBSIDIES AND SAFEGUARDS, IT WOULD BE HELPFUL IF ARGENTINA WOULD SUBMIT PRECISE DRAFT LANGUAGE AS IT HAS DONE FOR HEALTH AND SANITARY MEASURES.

4. THE US UNDERSTANDS AUSTRALIA'S MOTIVES IN PROPOSING UNCLASSIFIED

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DISCUSSIONS CONTINUING BEYOND THE PRESENT MULTILATERAL NEGOTIATION (ARTICLE V, PARA 3). HOWEVER, WE DO NOT KNOW IF AUSTRALIA INTENDS THAT SUCH DISCUSSIONS WOULD LEAD TO LATER ADDITIONS TO GATT SCHEDULES OR TO FURTHER COMMITMENTS MADE OUTSIDE THE SCOPE OF GATT--FOR EXAMPLE, UNDER SOME EXPANDED OBLIGATIONS OF THE PROPOSED INTERNATIONAL MEAT ARRANGEMENT. SINCE THE DISMANTLING OF TRADE BARRIERS IS CONTEMPLATED, THE US DEL SHOULD NOTE THAT NEW CONGRESSIONAL AUTHORITY WOULD BE REQUIRED FOR THE US AFTER JANUARY 1980 (WHEN THE TRADE AGREEMENT AUTHORITY OF THE 1974 TRADE ACT EXPIRES).

5. THE US DEL SHOULD WELCOME THE PRECISE TEXT ON SUBSIDIES THAT AUSTRALIA HAS SUBMITTED AND INDICATE THAT THE US FINDS THE APPROACH INTERESTING IN SEVERAL RESPECTS. WHILE THE US WISHES TO AWAIT THE OUTCOME OF NEGOTIATIONS IN THE SUBGROUP "SUBSIDIES AND COUNTERVAILING DUTIES", WE WOULD ENCOURAGE AUSTRALIA TO PROVIDE FURTHER EXPLANATION OF CERTAIN CONCEPT SUCH AS (A) WHAT DISPUTE SETTLEMENT MECHANISMS MIGHT BE REQUIRED IN A MEAT ARRANGEMENT TO MAKE THE SUGGESTED PROVISIONS WORK, AND (B) HOW IT MIGHT BE POSSIBLE IN PRACTICE TO DEFINE WHAT CONSTITUTES A "SUBSIDY" AND TO MEASURE INCREASES IN EXPORTS TO A "NATIONAL OR WORLD MAR-

KET."

6. THE EC'S PROPOSAL FOR JOINT DISCIPLINES (ARTICLE VI) CONTINUES TO BE A MAJOR AREA OF CONCERN TO THE US IN THE SECRETARIAT'S TEXT. (SEE TPSC 78-23, DISCUSSION). US DEL SHOULD SEEK FURTHER CLARIFICATION OF EC IMPLIED POSITION THAT ABROGATION OF JOINT DISCIPLINE BY ONE COUNTRY WOULD NOT LEAD TO COMPENSATION (GENEVA 3921, PARA. 13). THIS WOULD SEEM TO CONTRADICT THE NEW PROVISIONS ON CONCERTED DISCIPLINES INSERTED BY THE GATT SECRETARIAT IN THE WORKING HYPOTHESIS FOR A DAIRY ARRANGEMENT (MTN/DP/W/27/REV.3)

WHICH INDICATE THAT ARTICLE XXVIII RIGHTS INCLUDING COMPENSATION, WOULD BE RELEVANT TO CONCERTED DISCIPLINES.

7. THE US DEL SHOULD RECOMMEND THAT THE NEXT MEETING
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OF THE SUB-GROUP TAKE PLACE AFTER CONSULTATIONS BETWEEN THE CHAIRMAN AND VARIOUS DELEGATIONS IN ORDER THAT IT NOT BE HELD BEFORE THE PROPER GROUNDWORK HAS BEEN LAID FOR FURTHER PROGRESS.

IV. DISCUSSION

1. THE EC'S PROPOSAL FOR CONCERTED DISCIPLINES CONTINUES TO BE THE MAJOR PROBLEM AREA IN THE PROPOSED INTERNATIONAL AGREEMENT. AT THE LAST SUBGROUP MEETING, THE EC DELEGATE AGAIN MADE IT CLEAR THAT IT WOULD BE "INCONCEIVABLE" FOR THE EC TO GRANT IMPROVED MARKET ACCESS WITHOUT "RECEIVING ASSURANCES ON MARKET EVOLUTION AND IN PARTICULAR SUPPLY PRICES" (GENEVA 3921, PARA 13). IT IS NOT CLEAR WHAT MEANING THE TERM "MARKET ACCESS" WOULD HAVE UNDER SUCH CONDITIONS. GENERALLY SPEAKING, UNLESS IMPORTS ARE MADE AVAILABLE AT PRICES LOWER THAN DOMESTIC PRICES (OR LOWER THAN DOMESTIC PRICES WOULD BE IN THE ABSENCE OF SUCH IMPORTS), THERE IS NOT LIKELY TO BE AN INCREASE IN DEMAND TO ABSORB INCREASED IMPORTS. IN FACT, WHAT THE EC APPEARS TO BE OFFERING IS NOT SO MUCH ANY INCREASE IN IMPORT VOLUME, BUT RATHER A REDUCTION OF THE VARIABLE LEVY ON EXISTING TRADE WITH THE PROVISO THAT EXPORTERS WOULD RAISE THEIR PRICES TO ENSURE THEMSELVES A HIGHER PROFIT MARGIN WHILE AT THE SAME TIME ENSURING THAT THERE WAS NO INTERNAL EC CHANGE IN BEEF PRICES. HOWEVER, ONLY EXPORTING COUNTRIES WITH MARKETING BOARDS OR OTHER MECHANISMS FOR SELECTIVELY CONTROLLED EXPORT PRICES WOULD BE IN A POSITION TO ENTER INTO SUCH ARRANGEMENTS WITH THE EC. THE US, WHICH CANNOT CONTROL BEEF EXPORT PRICES, WOULD BE AT A DISADVANTAGE IN SEEKING TRADE CONCESSIONS FROM THE EC. MOREOVER, SINCE SUCH ARRANGEMENTS BY THE EC WOULD REPRESENT THE STATUS QUO AND WOULD CONTINUE TO KEEP THE EC'S INTERNAL MARKET INSULATED

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FROM THE WORLD MARKET, THE COMMUNITY WOULD NOT PARTICIPATE IN ADJUSTING TO CHANGES IN WORLD MARKET CONDITIONS. THIS WOULD TEND TO PERPETUATE THE INTERNATIONAL MEAT MARKET AS A RESIDUAL AND INHERENTLY UNSTABLE MARKET, CONTRARY TO THE OBJECTIVES OF THE "WORKING HYPOTHESIS." FOR THESE AND OTHER REASONS OUTLINED IN TPSC 78-23, THE US DEL SHOULD CONTINUE TO APPROACH THE DISCUSSION ON ARTICLE VI WITH DISCRETION.
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PAGE 01 STATE 109368
ORIGIN EA-04

INFO OCT-01 ISO-00 /005 R

66011
DRAFTED BY:EA/EP:WRWARNE
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EA/PHL:JSARTORIUS
-----124213 011539Z /46
R 011500Z MAY 78
FM SECSTATE WASHDC
TO AMEMBASSY MANILA

UNCLAS STATE 109368

FOR ERLAND HEGINBOTHAM IN VICE PRESIDENTS PARTY

FOLLOWING REPEAT STATE 109368 ACTION GENEVA APR 28

QUOTE UNCLAS STATE 109368

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LATER ADDITIONS TO GATT SCHEDULES OR TO FURTHER COMMIT-

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Review Release Date: N/A
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Review Withdrawn Fields: n/a
SAS ID: 2887346
Secure: OPEN
Status: NATIVE
Subject: US POSITION FOR MTN MEAT SUBGROUP
TAGS: ETRD, EAGR, MTN
To: GENEVA USMTN
Type: TE
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